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Action/Information Item

California Student Aid Commission

Loan Advisory Council (LAC) Chair's Report

The Loan Advisory Council (LAC) reviews the activities and policies of the Federal Family Education Loan (FFEL) Program and regularly advises the Commission of its findings and recommendations.

Enclosed for your review is a written report from the LAC Chair regarding the committee's activities at its July 31, 2007 teleconference meeting.

Responsible Party: Carrie Steere-Salazar
Chair, Loan Advisory Council

**CALIFORNIA STUDENT AID COMMISSION
LOAN ADVISORY COUNCIL
CHAIR'S REPORT**

July 31, 2007 Teleconference Meeting

The Loan Advisory Council (LAC) met on July 31, 2007 and the discussion centered on the following three major topics:

DISCUSSION OF SCHOOL AND LENDER PARTICIPATION ON THE LOAN ADVISORY COUNCIL

The LAC members were concerned about being able to continue to participate on a guaranty agency's advisory committee in light of the various prohibitions being considered at both the State and Federal levels. CSAC staff reported that there did not appear to be any prohibitions on schools or lenders continuing to participate on advisory bodies of a guaranty agency.

The school segments provided some feedback on whether they could continue to participate on guarantor advisory groups. The Community Colleges, California State University, University of California, and Independent school systems do not have an issue with it. (There was no comment from the Private For-Profit segment.)

CSAC staff also informed LAC that the Commission has testified with the California Legislature and indicated that they value the Grant Advisory Committee and the Loan Advisory Council. Staff also indicated that when the Legislature develops a committee structure to deal with bills or other changes, they appreciate the fact that the Commission already has advisory committees.

The Loan Advisory Council voted to continue to meet unless otherwise prohibited by federal law.

DISCUSSION OF ADDITIONAL BENEFITS AND SERVICES THAT EDFUND CAN PROVIDE TO STUDENTS, SCHOOLS AND LENDERS

Ms. Therese Bickler asked the members for feedback regarding any needs that are not being met with regard to students and families, borrower choice, and financial aid office needs. Some of the members' suggestions were for EDFUND to:

- Assist with (generic) publications for schools that do not have sufficient budgets and have depended on lenders for assistance in the past
- Provide assistance with Consolidation
- Help conduct Entrance and Exit Sessions on campuses that need it (used to be done by lenders)
- Coordinate efforts with the "I'm Going to College" campaign
- Provide additional resources/workshops for students to attend and apply for financial aid
- Provide early education process to ensure students go through the right process (in terms of a defense against direct-to-consumer marketing of private loans)

- If possible, use a “marketing” consultant to assist with counter-marketing against direct-to-consumer marketing

Ms. Bickler indicated that EDFUND could enhance training, publications, information on their interest sites and make it clear that there is borrower choice.

DISCUSSION OF THE GOVERNOR’S MAY REVISION PROPOSAL TO SELL EDFUND

Staff provided a summary of the proposal along with the trailer bills that would authorize the Director of Finance to proceed with the sale. Staff also noted that the proposal also includes the Commission’s expenses and the Cal-SOAP program shifting from the Student Loan Operating Fund back to the General Fund. LAC asked whether taking any advisory position would be helpful in the discussion and EDFUND President Kipp indicated that taking a position at this point would not be useful. CSAC staff indicated that they would keep LAC apprised of the activities that are taking place regarding the proposal.

CONSIDERATION OF TOPICS FOR THE NEXT MEETING

Lastly, members briefly discussed potential topics for its next meeting and the following issues were suggested:

- Continuation of the discussion on direct marketing of student borrowing
- Update on the sale of EDFUND
- Update on loan program changes (federal legislation, reauthorization and the 2008 federal budget)
- Update on the roles and responsibilities of the Commission and EDFUND
- Update on the repeal of the regulation regarding administrative cancellation

LAC decided to meet again in the October/November timeframe. Staff will be contacting LAC members regarding their availability.